



## Economics & Public Opinion Research

### Allocation Criteria Submitted to the Alternative Management Work Group

From an economic perspective, the most important criteria for economic efficiency is maximizing societal benefits or value. Maximizing citizen benefit, however, does not necessarily mean that other economic or social criteria listed below will be maximized. Because economic efficiency may not be the only goal of interest to the state of Maryland, Gentner Consulting Group recommends the use of the following set of criteria:

1. Economic Value
  - a. Commercial value
    - i. Harvester producer surplus
    - ii. Fish consumers' consumer surplus
  - b. Recreational value
    - i. For-hire producer surplus
    - ii. Recreational angler consumer surplus
2. Economic Impact
  - a. Value added (can be used as a proxy for economic value)
  - b. Jobs supported
  - c. Owner and employee income
3. Social Concerns
  - a. Community stability
  - b. Labor displacement
  - c. Changing nature of employment
  - d. Other demographic measures
4. Management Cost

As an economist, I advocate examining value first. If value calculations indicate that the allocation should change, different magnitudes of change should be examined relative to all the other criteria. Each allocation option could be given a score and ranked alongside other options with the objective of maximizing value while minimizing other potentially negative changes in the community.

Economic value is difficult to measure as it requires angler data, consumer data, and commercial and for-hire cost and earnings data which are all difficult to obtain. While NMFS estimates state level recreational economic impact models, no such models exist for commercial fisheries at the state level. Fortunately, the cost and earnings data needed to calculate value could be used to build economic impact models for the commercial sectors as well. Under the "Social Concerns" criteria community stability and labor displacement will be hard to measure, but the changing nature of employment and other demographic issues could be addressed with an economic impact model and census data.